



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
JEFFERSON COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE JEFFERSON COUNTY CLERK

Calendar Year 2000

On June 4, 2001, fieldwork was completed on the 2000 fee audit of the Jefferson County Clerk. An unqualified opinion was rendered on the financial statement. There were no instances of noncompliance and no reportable conditions.

Deposits:

The clerk's deposits were fully collateralized during calendar year 2000.

Leases:

The clerk's office is responsible for the following leases:

<u>Item Purchased</u>	<u>Monthly Payments</u>	<u>Term of Agreements</u>	<u>Ending Dates</u>	<u>Principal Balance December 31, 2000</u>
Copy Machine	\$ 157	36 Months	7/7/2003	\$ 5,024
Copy Machine	178	36 Months	5/12/2003	5,518
Copy Machines (17)	3,020	48 Months	1/26/2003	75,494
Copy Machines (12)	2,970	48 Months	10/6/2002	65,345
Postage Meter	175	72 Months	5/30/2006	12,075
Postage Meter	649	48 Months	3/30/2004	27,237
Copy Machine	236	48 Months	6/21/2004	10,148
Total				<u>\$ 200,841</u>

Grant:

The clerk received a local records microfilming grant from Kentucky Department of Libraries and Archives in the amount of \$2,864. Funds totaling \$2,854 were expended during the calendar year 2000.

Going Out of Business Account:

The clerk has a Going Out of Business Account with a balance of \$20,243 as of December 31, 2000.

Bankruptcy Account:

The clerk has a Bankruptcy Account with a balance of \$74,947 as of December 31, 2000.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Rebecca Jackson, County Judge/Executive
Honorable Bobbie Holsclaw, Jefferson County Clerk
Members of the Jefferson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Clerk of Jefferson County Kentucky, and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2000. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Clerk and the receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
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Honorable Bobbie Holsclaw, Jefferson County Clerk
Members of the Jefferson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 4, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 4, 2001

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 2000

Receipts

State Grants- Library and Archives	\$ 2,854
State Fees For Services	276,707 *
Fiscal Court	87,257 *

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$ 12,732,204
Usage Tax	62,329,348
Tangible Personal Property Tax	51,627,201

Licenses-

Marriage	186,587	
Beer and Liquor	387,898	
Beer and Liquor (Reimbursed)	355 *	
Shelter For Spouse Abuse	63,960	
Deed Transfer Tax	2,836,697	
Delinquent Taxes	7,238,105	
Delinquent Taxes (Reimbursed)	<u>27,751 *</u>	137,430,106

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$ 340,535	
Real Estate Mortgages	558,717	
Chattel Mortgages and Financing Statements	1,247,705	
Powers of Attorney	44,413	
Bail Bonds	5,877	
Tax Liens	121,301	
Extra Pages	502,504	
Assignments	125,696	
All Other Recordings	90,838	
Releases	380,337	
Probate	32,243	
Leinholder Penalties	32,416	
Corporation and Business	<u>62,824</u>	3,545,406

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS
Calendar Year 2000
(Continued)

Receipts (Continued)

Other Receipts-

Candidate Filing Fees	\$	12,870	
Certified Copies		34,757	
Interest Income		251,713	
Legal Records - Clerk Expense		66,516	
Legal Records - Clerk Expense (Reimbursed)		253,386	*
Phone/Fax		222	*
Notary		326,236	*
Postage		231,622	*
Tracing		1,609	*
Photostat		26,041	*
Motor Vehicle - Miscellaneous		139,923	
Motor Vehicle - Miscellaneous (Reimbursed)		(3,192)	*
Returned Check Fee		17,006	*
Library		62	
County Attorney Returned Check Fee		8,785	
Miscellaneous/Refunds		(20,265)	*
			\$ 1,347,291

Gross Receipts \$ 142,689,621

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	9,340,254	
Usage Tax		60,455,015	
Tangible Personal Property Tax		17,738,394	
Delinquent Tax		867,008	
Legal Process Tax		525,811	
Candidate Filing Fees		4,350	
			\$ 88,930,832

Payments to Fiscal Court:

Tangible Personal Property Tax	\$	5,420,618	
Delinquent Tax		873,605	
Deed Transfer Tax		2,694,863	
Beer and Liquor Licenses		387,044	
			9,376,130

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS
Calendar Year 2000
(Continued)

Disbursements (Continued)

Payments to Other Districts:

Tangible Personal Property Tax	\$ 26,403,071	
Delinquent Tax	<u>3,907,954</u>	\$ 30,311,025

Payments to Sheriff		69,590
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Payments to County Attorney

Delinquent Tax	\$ 984,322	
Returned Check Fees	<u>8,785</u>	993,107

Payments to Library		62
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Library and Archives Grant		2,854
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Operating Disbursements:

Other Charges-		
Bankcard Processing		<u>134,904</u>

Total Disbursements		<u>\$ 129,818,504</u>
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Net Receipts		\$ 12,871,117
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Payments to State Treasurer:

75% Operating Fund	\$ 9,959,521	
25% County Fund	<u>2,911,596</u>	<u>12,871,117</u>

Balance Due at Completion of Audit		<u><u>\$ 0</u></u>
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*Included reimbursed expenses in the amount of \$1,224,735 for the audit period. See Note 1 of Notes to Financial Statements.

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY
BOBBIE HOLSCLAW, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND
BALANCES OF THE COUNTY CLERK'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 2000

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2000	\$ 1,523,634	\$ 241,013	\$ 1,764,647
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	9,959,521		9,959,521
Fees Paid to State - County Funds (25%)		2,911,596	2,911,596
Total Funds Available	\$ 11,483,155	\$ 3,152,609	\$ 14,635,764
<u>Disbursements</u>			
Jefferson County Government	\$	\$ 2,953,034	\$ 2,953,034
Officials Statutory Maximum	77,662		77,662
Incentive Pay	688		688
County Clerk's Expense Allowance	3,600		3,600
Personal Services-			
Deputies Salaries	6,478,088		6,478,088
Overtime Gross	107,455		107,455
Employee Cash Out	24,377		24,377
Employee Benefits-			
Employer's Share Social Security	470,173		470,173
Employer's Share Retirement	481,846		481,846
Employer's Paid Health Insurance	754,438		754,438
Employee Assistance Program	8,667		8,667
Unemployment Insurance	31,459		31,459
Occupancy-			
Telephone	74,254		74,254
Mileage and Gasoline - Delivery	12,211		12,211
Maintenance and Repairs	39,174		39,174

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES
OF THE COUNTY CLERK'S OPERATING FUND AND COUNTY FUND WITH
THE STATE TREASURER
Calendar Year 2000
(Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements (Continued)</u>			
Services-			
Personal Services Contract	\$ 170,826	\$	\$ 170,826
Seasonal Help (Temporary)	1,602		1,602
Security Services	38,883		38,883
Janitorial	20,138		20,138
Pager Service	2,039		2,039
Printing	33,741		33,741
Advertising	3,135		3,135
Postage	122,394		122,394
Office Expense	140,419		140,419
Leases-Equipment	103,608		103,608
Meetings	16,578		16,578
Seminars	26,474		26,474
Tuition	5,706		5,706
Other Operating-			
Insurance and Bonds	30,992		30,992
Notary Bonds	443		443
Memberships Dues	18,275		18,275
Subscriptions	7,601		7,601
Capital Outlay-			
Furniture and Fixtures	59,400		59,400
Remolding and Renovations	136,204		136,204
Office Equipment	40,539		40,539
Computer Software	9,796		9,796
Computer Equipment	412,994		412,994
Local Records Grant	(10)		(10)
POS Contract	61,176		61,176
POS Project	9,221		9,221
Total Disbursements	\$ 10,036,266	\$ 2,953,034	\$ 12,989,300
Fund Balance - December 31, 2000	\$ 1,446,889	\$ 199,575	\$ 1,646,464

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
(Continued)

Note 4. Leases

Commitments to the following lease agreements as of December 31, 2000 are:

<u>Item Purchased</u>	<u>Monthly Payments</u>	<u>Term of Agreements</u>	<u>Ending Dates</u>	<u>Principal Balance December 31, 2000</u>
Copy Machine	\$ 157	36 Months	7/7/2003	\$ 5,024
Copy Machine	178	36 Months	5/12/2003	5,518
Copy Machines (17)	3,020	48 Months	1/26/2003	75,494
Copy Machines (12)	2,970	48 Months	10/6/2002	65,345
Postage Meter	175	72 Months	5/30/2006	12,075
Postage Meter	649	48 Months	3/30/2004	27,237
Copy Machine	236	48 Months	6/21/2004	10,148
Total				<u>\$ 200,841</u>

Note 5. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department from Libraries and Archives in the amount of \$2,864. Funds totaling \$2,854 were expended during calendar year 2000.

Note 6. Going Out of Business Account

This account is used for companies who must post a bond when they have a going out of business sale. After the sale the bond may be released to the company. The account had receipts of \$4,715 for calendar 2000. The account had a balance of \$20,243 as of December 31, 2000.

Note 7. Bankruptcy Account

This account is used for bankruptcy payments from the Chapter 13 Bankruptcy Trustee. The payments from the trustee are for tangible property tax due the state or clerk or for delinquent property tax owed. The account had receipts of \$7,528 and disbursements of \$2,164 for calendar year 2000. The account had a balance of \$74,947 as of December 31, 2000.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

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Members of the Jefferson County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the Jefferson County Clerk as of December 31, 2000, and have issued our report thereon dated June 4, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jefferson County Sheriff's financial statements as of December 31, 2000, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jefferson County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 4, 2001

